
In the United States
Circuit Court of Appeals
For the Ninth Circuit

No. 7084 /

CHAS. H. LILLY CO., a corporation, WILMOT H.
LILLY, KASENO PRODUCTS CO., a corpora-
tion, and GEORGE F. LINQUIST,
Defendants-Appellants,

vs.

I. F. LAUCKS, INC., a corporation,
Plaintiff-Appellee.

On Appeal from the District Court of the United
States, for the Western District of Washington,
Northern Division

REPLY BRIEF OF CHAS. H. LILLY CO. and
WILMOT H. LILLY, Defendants-Appellants

JAY C. ALLEN,
WELDON G. BETTENS,
Solicitors for Appellants.

Seattle, Washington.

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INTRODUCTION

As in our opening brief, the letter "R" wherever used in this brief means the printed "Transcript of the Record" filed herein February 13, 1933. Italics wherever used are our own unless otherwise stated. We continue to refer in this brief to I. F. Laucks, Inc., the plaintiff below, as "Appellee," to The Chas. H. Lilly Co., one of the defendants below, as "Appellant Lilly Co.," and to Wilmot H. Lilly, one of the defendants below, as "Appellant Lilly."

Inasmuch as several of the points raised by Appellee in its answering brief in this cause are identical with those raised in the answering brief in cause No. 7083, and inasmuch as our reply to such contentions has in this brief been greatly condensed in order to avoid repetition, we respectfully request that the Court read our reply brief in cause No. 7083 before reading the reply brief in this cause.

All parties are agreed as to the invention and teaching of the Caustic Soda Patent as it now stands, since disclaimer filed, and as related to the question of contributory infringement here involved. The following is quoted from page 13 of Appellee's brief:

"The teaching of the 'Caustic Soda' patent (Ex. 14, R. 71-72) is:

‘When the usual chemicals employed in making casein glue, viz., lime and sodium silicate, are added to a vegetable protein containing material, for example, soya bean flour, a glue results, but it is not as good as casein glue. It is not as highly water resistant nor as workable. We find, however, by the use of caustic soda with such vegetable protein-containing matter, a much better glue is obtained, such caustic soda apparently playing the part of dispersing the colloidal material. The resultant glue is then somewhat similar in its working properties to casein glue, although its water resistance is still slightly less.

‘In practice, there is a great difference between vegetable protein-containing glues made up by treatment with caustic soda as such and glues made by treatment with lime and sodium salts which by interaction may produce caustic soda.’ ”

The patent also taught, however, prior to the filing of a disclaimer, the use of caustic soda in making isolated soya bean protein glues, as pointed out in our opening brief.

All parties are agreed that to constitute an infringement of the claims here involved, a glue would necessarily include soya bean flour as a glue base and the chemical caustic soda, as such (or caustic potash, as such, stated by the patentees to be an equivalent). There is no question about the fact that Kaseno Products Co. made glues containing soya bean flour and caustic soda,

as such, nor is there any question that such glues infringed the claims of the patent here involved. There is no question as to the fact that Appellant Lilly Co. furnished the soya bean flour with which Kaseno Products Co. made its glues. Appellant Lilly Co. so stipulated prior to trial. All parties are agreed that one of the principal questions involved in this appeal is whether or not Appellants are guilty of contributory infringement of the four claims of the patent upheld by the Trial Court by reason of having supplied soya bean flour to Kaseno Products Co. as aforesaid.

All parties are agreed as to the teaching and invention of the Carbon Bisulphide Patent. We quote from page 14 of Appellee's brief as follows:

“The teaching of the ‘Carbon Bisulphide’ patent is that the use of carbon bisulphide with a soya bean flour, together with an aqueous alkaline medium, produces a high grade, water-resistant glue (R. 140, 245), the carbon bisulphide acting as a waterproofing agent.”

A glue which would infringe the two claims of the Carbon Bisulphide Patent held valid by the Trial Court would be a glue containing soya bean flour as a glue base and carbon bisulphide as a waterproofing agent. There is no question about the fact that Kaseno Products Co. for a time made glues comprising soya bean flour and carbon bisulphide. As above stated, there is

no question about the fact that Appellant Lilly Co. furnished the soya bean flour with which Kaseno Products Co. made its glues. All parties are agreed that the second principal issue involved on this appeal is whether Appellants were guilty of contributory infringement of Claims 13 and 14 of the Carbon Bisulphide Patent by reason of having supplied soya bean flour to Kaseno Products Co. as aforesaid.

All parties are agreed that the law applicable to cases of contributory infringement is correctly set forth in the case of *Thomson-Houston Electric Co. v. Ohio Brass Co.*, 80 Fed. 712, which was cited with approval by this Court in the case of *Wilson v. Union Tool Co.*, 265 Fed. 669.

In the first case above mentioned, the Court said:

“An infringement of a patent is a tort analogous to trespass or trespass on the case. From the earliest times, all who take part in a trespass, either by actual participation therein or by *aiding and abetting it*, have been held to be jointly and severally liable for the injury inflicted. *There must be some concert of action between him who does the injury and him who is charged with aiding and abetting, before the latter can be held liable.* * * *

“As already stated, it does appear that *defendant is offering for sale articles that can only be used in combinations covered by complainant's claims.* * * *

“It being established that defendant is offering for sale articles, *intending them to be used in combinations which, if unlicensed by complainant, would be infringements* of complainant’s patents, we think that it is the duty of the defendant to see to it that *such combinations* which it is intentionally inducing and promoting shall be confined to those which may be lawfully organized. * * * What we have said has application only to cases in which it *affirmatively appears* that the alleged infringer is offering the parts *with the purpose that they shall be used in the patented combination*. We have found that it *does so appear here*, and is a matter of *certain inference* from the circumstance that the parts sold can *only be used in the combinations patented*. *Of course, such an inference could not be drawn had the articles, the sale or offering of which was the subject of complaint, been adapted to other uses than in the patented combination. In the latter case the intention to assist in infringement must be otherwise shown affirmatively, and cannot be inferred from the mere fact that the articles are in fact used in the patented combinations or may be so used.*”

In the second case above mentioned, this Court said :

“In *Thomson Houston v. Ohio Co.*, 80 Fed. 712, 26 C. C. A. 107, it was held by the Court of Appeals that it was settled that, where one makes and sells *one element* of a combination covered by a patent, *with the intention and for the purpose for bringing about its use in such combination*, he is guilty of contributory infringement, and is equally liable to the patentee with him who in fact organizes the complete combination.”

Under the authorities above quoted, to be guilty of contributory infringement of the four claims of the

Caustic Soda Patent upheld by the Trial Court, Appellants must have sold soya bean flour to the defendant Kaseno Products Co. *with the intention and for the purpose* of aiding and abetting Kaseno Products Co. in making a glue comprising soya bean flour and caustic soda. Likewise, to be guilty of contributory infringement of Claims 13 and 14 of the Carbon Bisulphide Patent, Appellants must have sold soya bean flour to the defendant Kaseno Products Co. *with the intention and for the purpose* of aiding and abetting Kaseno Products Co. in making a glue comprising soya bean flour and carbon bisulphide. There must have been some concert of action between Appellants, who furnished a single element of the infringing glue, and the defendant Kaseno Products Co., who did the injury, before Appellants can be held liable.

All parties are agreed that soya bean flour glues not embodying either caustic soda or carbon bisulphide can be and have been used. As pointed out in our opening brief, the Caustic Soda Patent, while admitting that a glue can be made without the use of the particular chemical caustic soda, states that by using such particular chemical a better glue is obtained. Likewise, the Carbon Bisulphide Patent admits that glues may be made without the use of the particular chemical carbon bisulphide, but that such chemical added

to the glue makes the same more waterproof. Both the defendant Kaseno Product Co. and Appellee itself made glues which did not infringe either patent. We quote from pages 13 and 14 of Appellee's brief as follows:

"The record further discloses that the Appellee first commenced the use of caustic soda as such with its soya bean glues in 1923. * * *

"For a time the appellee discontinued the use of caustic soda as such in some of its glue formulae. During the year 1926 it again reintroduced commercially the use of caustic soda as such in all of its glue formulae. * * * In April, 1926, the appellee introduced commercially the use of carbon bisulphide in the veneer plants with the soya bean glues manufactured and sold by the appellee."

The matter of these noninfringing glues is dealt with at length in our opening brief (pages 54-65). Without repeating the argument there made, it will be seen that the statement above quoted from Appellee's brief is sufficient to establish the point that soya bean flour glues could be and had been made without the use of either caustic soda or carbon bisulphide. Aside from other uses for soya bean flour, such as its use for tree spray, its use for edible purposes, its use for stock feed and fertilizer purposes, as pointed out in our opening brief, it conclusively appears that it may be used in making soya bean flour glues which would

not infringe the claims of the patents held valid by the Trial Court.

Under the authorities, then, the burden was upon Appellee to establish by competent evidence in the case an actual wrongful intent on Appellants' part; the burden was upon Appellee to establish that the element furnished by Appellant Lilly Co. was furnished with the intent and for the purpose of aiding Kaseno Products Co. in making glues which contained caustic soda and carbon bisulphide. From the circumstances of the case, proof of an actual wrongful intent was essential. No facts exist from which the Court might infer wrongful intent. Appellee made no contention, either in the pleadings or at the trial, that soya bean flour could not be used except in making an infringing glue. The Complaint alleged, among other things, an actual wrongful intent. As we pointed out in our opening brief, there was no evidence in the case that such wrongful intent ever existed.

In its endeavor to uphold the Decree of the Trial Court, Appellee now argues that, first, the evidence shows an actual wrongful intent, and second, that under the rule announced in the "Squib Case," and similar authorities, it was not necessary that any wrongful intent be proved. We will deal first with

Appellee's contention that the evidence established an actual wrongful intent, and later with the contention that no proof of intent was necessary under the law of the "Squib Case" and similar authorities.

Appellee claims that the evidence established an actual wrongful intent for the following reasons:

That Appellee attached tags to all glue manufactured and sold by it under the patents; that Appellee published notice of the patents; that Appellee gave Appellant Lilly Co. written notice of the issuance of the patents; that the element furnished by Appellant Lilly Co. was a "special product" and that there is no such article as standard soya bean flour; that the flour furnished was "ground to glue specifications;" that Appellant Lilly Co. continued to furnish flour after suit started; that Appellant Lilly Co. continued to furnish flour after Mr. Laucks had offered to take its entire output; and that the defendant Linquist testified that Appellants knew the use to which the flour furnished was being put.

Several of the foregoing contentions are identical with those made by Appellee in the Johnson Case and have been separately replied to in our reply brief in that case. Inasmuch as both cases were argued together, and in order to avoid unnecessary repetition,

we will not deal at length in this brief with such arguments but respectfully refer the Court to our reply brief in the Johnson Case in such connection.

Reply to Contention That Attaching Tags to Patented Product Charges Appellants with Knowledge

Appellee, relying upon R. S. 4900, argues that since it properly marked glue manufactured by it under the patents, Appellants had constructive knowledge of the same and are constructively charged with knowledge of infringing acts committed by Kaseno Products Co. This argument is fully answered in our reply brief in cause No. 7083, pages 10 to 14, where we have shown that the constructive notice provided for by R. S. 4900 is of no help to Appellee in proving a cause of action for contributory infringement. The gist of such action is for an intentional and purposeful aiding and abetting in the commission of an infringing act. Knowledge of infringement and an intent to aid therein are essential elements of the action, for there can be no intent to aid in the absence of *knowledge* that one is so aiding. The statute relied upon does not purport to charge a contributory infringer with knowledge of infringement. The case of *Gimbel v. Hogg*, 97 Fed. 791 (C. C. A.-3rd), as pointed out in our reply brief in the Johnson Case, is squarely in point.

It is submitted that the fact that Appellee's patented glue was properly marked is no evidence whatever that Appellants intentionally aided their codefendant in manufacturing an infringing glue.

**Reply to Argument That Appellee Published
Notice of the Patents**

Relying upon two published notices, which appeared in "The Timberman" in September, 1925, and November, 1928, respectively, Appellee argues that such publications gave Appellants notice of the patents and charged Appellants with knowledge of Kaseno Products Co.'s infringing acts. The notice published in 1925 (R. 194) was published approximately three years before the Caustic Soda Patent was granted and a little more than three years before the Carbon Bisulphide Patent was granted. The notice refers to no specific patent and could not possibly be construed as being notice to anyone of the patents here involved.

The second notice was published in "The Timberman" in November, 1928. It mentioned the two patents here in suit as follows (R. 196):

"Patents recently granted to I. F. Laucks, Inc., in the United States are the following:

"U. S. Patent No. 1,689,732, dated October 30, 1928. Covering broadly the use of Caustic

soda with vegetable protein flours for adhesive purposes.

“U. S. Patent No. 1,691,661, dated November 13, 1928. Covering broadly the use of carbon bisulphide and like materials with vegetable protein flours for adhesive purposes.”

As pointed out in our opening brief, the evidence showed that “The Timberman” was a publication subscribed to by the lumber and veneer industries. There was no showing that the publication was subscribed to by the flour milling industry or that it would have been in any way likely to have come to the attention of Appellants. There was no showing whatever that the published notices were ever brought to Appellants’ attention, and in any event notice of a patent is far different than notice of claimed infringement. The notices do not set forth any claimed infringement of either patent by glue manufacturers or veneer plants. Nothing is set forth which would charge Appellants with knowledge of infringement by Kaseno Products Co.

It is submitted that the published notices printed in a publication not connected with Appellants’ business, which notices would not be likely to, and did not, come to Appellants’ attention, do not charge Appellants with notice of the patents nor of any infringe-

ment thereof and are no evidence whatever of an intention on Appellants' part to aid in an infringement.

Reply to Argument Concerning the Giving of Written Notice to Appellants

By letter dated November 16, 1928, addressed to Appellant Lilly Co., Appellee gave notice of the issuance of both patents in suit and of its intention to enforce its rights against infringers and contributory infringers. This notice was the direct notice provided for by R. S. 4900 and, if given to a direct infringer, would entitle Appellee to recover damages for direct infringements committed thereafter. The letter makes no claim that Appellees patents are being infringed, either by any glue manufacturer or any veneer plant. There is no intimation that Kaseno Products Co. was making an infringing glue. Yet at the time this letter was written, Appellee knew and had known since April, of 1926, that Kaseno Products Co. was infringing the patents (R. 198). Appellee was in position to know, and did know, that to glues manufactured by Kaseno Products Co. caustic soda and carbon bisulphide were being added at the veneer plants. Appellants were not in position to know, and did not know, such fact. Knowing of the infringement by Kaseno Products Co., and having

known of such infringement for a period of more than two and one-half years, Appellee did not see fit to notify Appellants of the fact but resorted simply to the giving of a general notice of the issuance of the patents.

The notice given made no claim that soya bean glues could not be made without the use of the chemicals covered by the patents. No such claim was ever made nor could it have been honestly made. There was no intimation that Kaseno Products Co., or any glue manufacturer, might be making a glue which infringed the patents. In the absence of such notice, surely Appellants were entitled to assume that Kaseno Products Co. was acting honestly. The company had been making glues since 1918 (R. 208). Appellant Lilly Co. had been furnishing it soya bean flour since 1926 or 1927 (R. 216). Appellants were entitled to assume that Kaseno Products Co. was not making a glue which infringed patents granted in 1928. The presumption was that Kaseno Products Co. was acting honestly.

When it was Appellee's duty to speak and to warn Appellant Lilly Co. that the soya bean flour it was furnishing to Kaseno Products Co. was being used by the latter company with caustic soda and carbon

bisulphide in making an infringing glue, Appellee remained silent. It kept secret the fact, which it had known for more than two and one-half years, that the soya bean flour purchased by Kaseno Products Co. was being used in an infringing way. Having stood silently by and having failed to notify Appellants of the infringement which it knew was being committed, Appellee now comes into a Court of Equity and argues that a letter notifying Appellant Lilly Co. of the issuance of the patents in suit, but purposely failing to warn of any infringement thereof, is sufficient to charge Appellants with knowledge of such infringement and shows an intent on the part of Appellants to aid in such infringement. As before pointed out, Kaseno Products Co. denied that its glues infringed the patents.

It is submitted that the sending of the letter in question is no evidence whatever that Appellants knowingly and intentionally aided Kaseno Products Co. in making a glue comprising soya bean flour, caustic soda and carbon bisulphide.

Reply to Contention That Soya Bean Flour Is a Specially Prepared Product and That There Is No Such Article as Standard Soya Bean Flour.

On page 32 of Appellee's brief, it is stated that the product manufactured by Appellants and sold to

Kaseno Products Co. "was a special product, specially adapted for a special use, that is, the manufacture of soya bean glues."

On page 79 of Appellee's brief, it is stated that Appellee contends that the soya bean flour furnished "was specially adapted for the infringing use, and that it was so adapted with the intent and purpose that it should be so used in a glue composition, which constitutes contributory infringement."

The idea here expressed is injected into Appellee's brief at several different places, and the same thought is expressed in different language throughout its entire argument in this cause and in cause No. 7083. Our reply to this argument is fully set forth in our reply brief in the Johnson Case, pages 15 to 21. As there pointed out, the contention is a novel one on Appellee's part, no such contention ever having been made during the trial of the case. There is no evidence in the printed Transcript of the Record in this Court, nor was there any evidence introduced at the trial below, which would in any manner tend to support this novel and absurd contention. All of the evidence establishes the contrary. Throughout the trial, the phrase "standard soya bean flour" was used by all parties to the litigation. In our reply brief in the

Johnson Case, we have pointed out several instances in which the phrase was used by Appellee itself.

The only evidence in the printed Transcript of the Record in this case as to what was the product furnished by Appellant Lilly Co. is the testimony of Appellant Lilly, pertinent excerpts from which are quoted in our reply brief in the Johnson Case.

Appellee's contention that soya bean flour was not known of until its use for glue making purposes was brought about is a positive misstatement. The Fisher Flouring Mills was manufacturing soya bean flour during the war. (R. 230.) Appellee has always contended that Johnson was the first to teach the use of soya bean flour for glue purposes, and his original patent was not applied for until 1922.

Appellee's contention that the Trial Court found that soya bean flour was not a staple article of commerce is simply a statement of counsel. As pointed out in our reply brief in the Johnson Case, the Trial Court inferentially found that soya bean flour was a staple article of commerce.

The fact is, as shown by the Record in this case, that the soya bean flour furnished by Appellant Lilly Co. was a standard article of commerce which Appellant Lilly Co. had been milling since 1916 or 1917,

and that it was manufactured and sold for use as tree spray, for edible purposes, for glue making purposes, and for use by furniture manufacturers, and that finely ground soya bean meal, not ground to the fineness of standard soya bean flour, had long been used as a fertilizer and as feed for live stock.

As has heretofore been pointed out, the specifications of the patents here involved expressly state that soya bean flour glues can be made without the use of either caustic soda or carbon bisulphide, and it was therefore incumbent upon Appellee to establish an actual intent on Appellants' part. The contention, therefore, that the flour furnished was not a staple article of commerce is not at all pertinent in this case. In making the argument, Appellee seeks to establish a fact from which the Court might infer intent. Inferred intent, however, is not applicable under the circumstances of this case.

In any event, the Court did not find that soya bean flour was not an article of commerce, and Appellee requested no such finding. Appellee is in no position, therefore, to request this Court to make such finding.

Reply to Contention That Product Furnished by Appellants Was Specially Processed for Glue Making Purposes.

Referring to a statement made by Appellant Lilly Co. in one of the Arabol letters, Appellee states on page 11 of its brief:

“It recites that ‘Appellant Lilly Co.’s’ flour is *specially processed for glue making purposes.*”

The statement actually made in the Arabol letter referred to has been misrepresented. The statement set forth in the letter reads as follows (R. 105):

“Our material is specially processed to remove a very large percentage of the fiber and is bolted through a *flour mill process* through a fineness of 100, 109, or 126 mesh.”

The argument here made by Appellee is identical with that made by it in its brief in the Johnson Case and has been fully answered by us in our reply brief in that case, at pages 21 to 23 thereof.

Appellee first misrepresents a statement made in a letter written out of Court by Appellant Lilly Co.’s purchasing agent, and then would have this Court consider such misrepresented statement as evidence of the misrepresented fact. The Arabol letters are not evidence of any facts therein stated. The letters were not offered for the purpose of impeachment. No foundation was laid for their introduction in evidence

for such purpose. Appellant Lilly was not asked on cross-examination concerning any statement contained in the letters. In his direct examination, however, this witness did fully explain the meaning of the phrase "specially processed." He testified that the difference between soya bean meal and soya bean flour is that the former is soya bean cake ground up on some sort of mill that does not get it down to the fineness of flour; that flour is ground by a different process, milled through a silk cloth to produce flour; that flour, therefore, is meal further processed. (R. 226-227) Regardless of whether the product is to be used for glue making purposes, for tree spray purposes, for edible purposes, or for other purposes, it is put through a flour mill process; that is, it is milled through a silk cloth so as to produce flour.

What we have here said regarding the particular statement in the Arabol letter referred to applies with equal force to all arguments made by Appellee which are based upon statements set forth in the Arabol letters. None of such statements are evidence of the facts stated. All of the evidence in the case refutes the contentions made by Appellee that statements contained in the Arabol letters tend to establish that the product sold by Appellant Lilly Co. was a special product and not a staple article of commerce.

Reply to Argument That Flour Furnished Was “Ground to Glue Specifications.”

Appellee in this case again lays great stress upon the same contention it made in the Johnson Case, that the fact that Appellant Lilly Co. stipulated that the flour it furnished was “ground to glue specifications” establishes that the flour was a product specially made for use in the manufacture of soya bean glues. This argument has been fully answered in our reply brief in the Johnson Case, at pages 23 to 26.

Concerning the stipulation on which the argument is based, we quote from page 9 of Appellee’s brief as follows:

“On the 25th day of November, 1929, The Chas. H. Lilly Co. entered into a stipulation (Ex. 11, R. 103) that on or before March 27, 1928, it did sell and deliver and is now selling and delivering to Kaseno Products Co., its co-defendant herein, *soya bean cake ground to glue specifications, that is, 80 mesh or finer*, for use in the manufacture of adhesives or glues of said company.”

It is at once apparent that the parties to the stipulation themselves defined the meaning of the phrase “ground to glue specifications” as being soya bean cake ground to 80 mesh or finer. Appellant Lilly Co.’s standard soya bean flour, ground in the usual manner, is all practically 100 mesh or better. (R. 226) Regard-

less of whether the product is sold to grocery stores, spray manufacturers, furniture manufacturers or glue manufacturers, it is ground to 100 mesh or better. (R. 226) It so happens that this standard soya bean flour, ground to 100 mesh or finer, meets the requirements of "glue specifications." It also meets the requirements for all of the various purposes for which it is manufactured. Whenever Appellant Lilly Co. receives an order for soya bean flour, it grinds the same to 100 mesh or better. (R. 226)

There is no evidence in the Record, nor was there any evidence in the entire case, that flour "ground to glue specifications" is ground in any different manner than flour used for other purposes. There was no evidence introduced at the trial that flour ground to glue specifications is any different than flour ground for any other purpose.

The patents themselves teach that flour not ground as fine as Appellant Lilly Co.'s standard soya bean flour meets glue specifications. It is stated in the specifications of the respective patents that (R. 71-81) :

"We have found that soya bean flour constitutes an admirable raw material for our purpose. Such flour is preferably made by grinding soya bean cake so that 80 per cent will pass a 100 mesh screen * * .

* * *

“Soya bean flour made from soya bean cake from which the oil has been expressed, is preferably used in practice because it is cheaper and makes a better glue, but flour made from whole soya beans, without expressing the contained oil, may also be used, although obviously this would not be economical in view of the value which attaches to such oil. *As to the fineness of the flour, it is not necessary that the meal be ground as fine as indicated above, but fineness is desirable from a practical standpoint.*”

Appellant Lilly Co.’s standard soya bean flour, therefore, was not specially ground to meet “glue specifications” but was a flour actually ground finer than such specifications required.

It is submitted that the fact that Appellant Lilly Co. stipulated that it furnished Kaseno Products Co. soya bean cake ground to glue specifications, namely, soya bean flour ground to 80 mesh or finer, is no evidence whatever that the flour sold to Kaseno Products Co. was a special product and not standard soya bean flour, and is no evidence whatever of an intention on Appellants’ part to aid Kaseno Products Co. in manufacturing glues under the particular formulas here involved.

Reply to Contention That the Witness Linquist Testified That Appellant Lilly Co. Knew the Use to Which the Flour It Sold Was Being Put.

On page 26 of Appellee’s brief, the following statement is made:

“Linguist testifies that appellants knew the use to which the adhesive base sold by them to Kaseno Products Co. was being put.”

The testimony of the witness Linguist on which this statement is based is set out on page 216 of the printed Transcript of the Record as follows:

The flour we bought from The Chas. H. Lilly Co. was their regular flour that they made right along. It was the fine mesh that we wanted. It was not particularly ground to glue specifications. In our glue specifications we used flour of 100 mesh or better. When we bought flour from The Chas. H. Lilly Co. it was ground to 100 mesh or better. The Chas. H. Lilly Co. *knew that the flour they were selling us was being used for glue making purposes* in 1927, 1928, 1929 and 1930. I judge they knew it up to the present day. I do not see how they could help it. I wouldn't say that they knew it in 1927. I don't know whether we bought any from them in 1927.

The witness Linguist simply testified that Appellant Lilly Co. knew that the flour it was selling was being used for glue making purposes. He did not testify that Appellant Lilly Co. knew how the glue manufactured by Kaseno Products Co. was made nor what chemicals were used. Neither the witness Linguist nor any other witness who testified at the trial ever suggested or intimated that either Appellant Lilly Co. or Appellant Lilly knew how Kaseno Products Co. made its glue. The only evidence in the case in this

connection is the testimony of Appellant Lilly, which shows clearly and positively that Appellants at no time knew the use to which the flour they furnished was being put except that it was used in making glue. Neither Appellant knew that Kaseno Products Co. was making a glue which embodied either caustic soda or carbon bisulphide.

Reply to Argument That Appellant Lilly Co. Continued to Furnish Flour After Suit Started.

Appellee lays great stress upon the fact that Appellant Lilly Co. continued to furnish soya bean flour to Kaseno Products Co. after suit was started on the Caustic Soda and Carbon Bisulphide Patents. It is argued that the allegations in the Bill of Complaint gave notice to Appellants that Kaseno Products Co. was using caustic soda and carbon bisulphide in its glues, and that the act of Appellant Lilly Co. in continuing to supply flour to Kaseno Products Co., after such notice, establishes an intent to aid and assist in the making of such infringing glues. It is argued that this wrongful intent thus shown to have existed after the commencement of suit should be related back so as to establish a wrongful intent prior to the time suit was started.

The argument here made in this connection is identical with that made by Appellee in its brief in the Johnson Case. The argument is replied to fully in our reply brief in that case, at pages 29 to 35.

It will be borne in mind that the Bill of Complaint herein stated a cause of action against Appellant Lilly Co. for contributory infringement as of the time suit started. To establish the cause of action alleged, Appellee had the burden of proving that a wrongful intent existed prior to the time suit was commenced. It cannot establish this necessary element of its cause of action by proving that a wrongful intent existed after the time suit was instituted. No supplemental Bill of Complaint was filed in the action, and therefore anything which happened after suit started was not within the issues of the case. It follows that if Appellants actually did have a wrongful intent after suit started, which was not the fact, however, this would be of no assistance to Appellee in establishing the alleged cause of action sued upon.

In any event, however, in continuing to furnish soya bean flour to Kaseno Products Co. after suit was instituted, Appellant Lilly Co. committed no wrongful act. The serving of the Bill of Complaint gave notice to Appellants that Appellee claimed that Ka-

seno Products Co. was making a glue comprising caustic soda and/or carbon bisulphide. The allegations of the Bill, however, cannot be held to charge Appellants with knowledge of the facts therein alleged. Kaseno Products Co. answered the Bill of Complaint and in its answer denied that it was infringing either patent (R. 49), and denied that it had done any act or thing, or was doing any act or thing, or proposed doing any act or thing, in violation of any *alleged* right, or otherwise, belonging to Appellee or secured to it by the letters patent in suit. (R. 65) The answer was sworn to on oath by the defendant George F. Linqvist, president and general manager of the defendant Kaseno Products Co. (R. 66-67)

The utmost that could be claimed by reason of Appellee's serving Appellants with a Bill of Complaint which charged that the defendant Kaseno Products Co. was making an infringing glue would be that such notice was sufficient to put Appellants upon inquiry. The only thing that Appellants could thereafter have done would have been to make inquiry. If the defendant Linqvist on oath stated that the defendant Kaseno Products Co. was not making an infringing glue, it necessarily follows that any inquiry made would not have resulted in knowledge of any different facts than those alleged in the answer of the defendant Kaseno

Products Co. Under these circumstances, it certainly cannot be claimed that the serving of the Bill of Complaint charged Appellants with knowledge that Kaseno Products Co. was using carbon bisulphide or caustic soda in its glues.

It will be noted that there was no allegation in the Bill of Complaint that glue could not be made from soya bean flour without the use of either caustic soda or carbon bisulphide. No such allegation could have been honestly made, for, as has been pointed out, the specifications of the patents themselves state that soya bean flour glues can be made without the use of either caustic soda or carbon bisulphide. There was no allegation in the Bill of Complaint which would in any manner suggest to Appellants that the product they were furnishing could not be used in any other way than an infringing way. Such an allegation could not have honestly been made.

Kaseno Products Co. had been making glues since 1918. (R. 208) Kaseno Products Co. first used soya bean meal to cheapen its glues in 1923. (R. 208) The meal was ground as fine as could be on the type of mill Kaseno Products Co. had in its plant. (R. 208) The product was tried out at the Elliott Bay Mill with success. Kaseno Products Co. then put in flour mill

equipment to bolt the product down to a finer mesh. (R. 208) The soya bean material was mixed with casein glue in the Elliott Bay Mill plant, there being no change in the chemicals employed in making this casein-soya bean glue over the chemicals that were employed in making casein glue. (R. 208) Soya bean flour was so used in 1923. Kaseno Products Co. had been purchasing soya bean flour from Appellant Lilly Co. since 1927 or 1928. Several of the formulas set out in the Record show that several glues made by Kaseno Products Co. did not contain either caustic soda or carbon bisulphide combined with soya bean flour. Under these circumstances, Appellants should not be required to assume that Kaseno Products Co. was violating patents granted in 1928. Under these circumstances, an allegation in Appellee's Complaint that Kaseno Products Co. was infringing the patents, which statement was denied under oath by the president of Kaseno Products Co., cannot be held sufficient to charge Appellants with knowledge that Kaseno Products Co. was actually making glues which contained caustic soda and carbon bisulphide.

The presumption is that the defendant Kaseno Products Co. was acting lawfully. Appellants were entitled to assume, especially in view of the circumstances above set forth, that the defendant Kaseno

Products Co. was acting honestly and was not infringing the patents.

Even if Appellants were skilled in the glue art, under the testimony of one of Appellee's experts, Appellants might well have assumed that Kaseno Products Co. was making a glue from isolated soya bean protein. The witness Cone testified as follows (R. 254):

“Q. In theory and from analogy with any other known adhesive bases, should not the isolated protein of seed residue flours give you a better glue than seed residue flours themselves?”

A. From a theoretical standpoint, reasoning as one skilled in the glue art and not knowing anything about soya bean flour as compared to isolated protein, I should say that from that standpoint it would seem obvious that the isolated protein would make a far superior glue.”

Not satisfied with placing its own interpretation upon testimony in the Record, Appellee goes outside the Record and baldly states to this Court that Appellants continued to supply soya bean flour to Kaseno Products Co. up to the time of the issuance of an injunction by the Trial Court. This statement is not true. Appellant Lilly Co. ceased furnishing flour to Kaseno Products Co. the instant that it had knowledge that Kaseno Products Co. was making infringing glues. This knowledge was obtained at the time

the Court's Memorandum Decision was filed. Without waiting for the entry of a Decree or the issuance of an injunction, Appellant Lilly Co. immediately ceased furnishing soya bean flour to Kaseno Products Co.

It is submitted that that portion of Appellee's argument which is based upon the Record is not sound; that the portion of the argument not based on the Record is not true; and that under the circumstances as shown, Appellant Lilly Co. was guilty of no wrongful act in continuing to supply flour after suit started. In any event, whatever intent existed after suit started, is immaterial.

**Reply to Argument Concerning Conversation Between
I. F. Laucks and Wilmot H. Lilly.**

On page 27 of Appellee's brief, reference is made to a conversation between I. F. Laucks and Appellant Lilly which occurred April 19, 1928, at which time Mr. Laucks agreed to drop the Johnson suit if Appellant Lilly Co. would enter into a contract under which Appellee would acquire Appellant Lilly Co.'s entire output of soya bean flour for a period of one year. Appellant Lilly Co. was to give up all customers for soya bean flour and sell only to Appellee for a period of one year. This same conversation was made the

basis of argument in Appellee's brief in the Johnson Case and was fully replied to in our reply brief in that case, at pages 35 to 40.

In addition to what is there stated, it should be noted that this conversation took place approximately one year before the present action was instituted. Appellee knew at that time, and had known since April, 1926, that Kaseno Products Co. was using caustic soda and carbon bisulphide in its glues. (R. 198-199) Appellants did not know such fact. Appellee was in position to know the fact; Appellants were not. Knowing the fact, it was Appellee's duty, in fairness and equity, to so advise Appellants. Instead of advising Appellants of the fact, Appellee remained silent, yet now comes into a Court of Equity and argues that the conversation had is evidence of a wrongful intent on Appellants' part to aid Kaseno Products Co. in making soya bean flour glues comprising carbon bisulphide and caustic soda, Appellants having had no knowledge such glues could be or were being made.

Reply to Argument Regarding "Most Conspicuous Use."

On page 41 of its brief, Appellee quotes from the case of *Henry v. A. B. Dick Co.*, 224 U. S. 1, 56 L. Ed. 645, 664, as follows:

“ * * * Undoubtedly a bare supposition that by a sale of an article which, though adapted to an infringing use, is also adapted to other and lawful uses, is not enough to make the seller a contributory infringer. Such a rule would block the wheels of commerce. There must be an intent and purpose that the article sold will be so used. Such a presumption arises when the article so sold is only adapted to an infringing use. *Rupp & W. Co. v. Elliott*, 65 C. C. A. 544; 131 Fed. 730. It may also be inferred where its most conspicuous use is one which will cooperate in an infringement when sale to such user is invoked by advertisement. *Kalem Co. v. Harper Bros.* decided at this term (222 U. S. 55, ante, 92; 32 Sup. Ct. Rep. 20).”

Appellee lays stress on the last part of the quotation, to the effect that intent may be inferred where the most conspicuous use for the product furnished is an infringing use, and contends that the statement made by the Court “has put an end to the entire question here under consideration.”

In the Dick Case, it was established that the sale in question was made with the purpose and intent of aiding in infringement. The Trial Court said:

“These defendants are, in the facts certified, stated to have made a direct sale to the user of the patented article, *with knowledge* that under the license from the patentee she could not use the ink, sold by them directly to her, in connection with the licensed machine, without infringement of the monopoly of the patent. *It is not open*

to them to say that it might be used in a noninfringing way, for the certified fact is that they made the sale, 'with the expectation that it would be used in connection with said mimeograph.' The fair interpretation of the facts stated is that *the sale was with the purpose and intent that it would be so used.*"

It appears, therefore, that the quotation stressed by Appellee was *obiter dictum*.

Assuming, however, for the sake of the argument, that an intent to aid in infringement *may* be inferred where the most conspicuous use for the product furnished is an infringing use, this does not aid Appellee in the instant case. Assuming that the most conspicuous use for soya bean flour was for glue making purposes, as argued by Appellee, it does not follow that the most conspicuous use was in making soya bean glues containing caustic soda and carbon bisulphide. If the question before the Court were whether or not Appellant Lilly Co. intended that the flour it furnished be used in making soya bean glue, then the fact, if it be a fact, that the most conspicuous use for soya bean flour was in making glues might enable the Court to infer such intent to furnish for glue making purposes. This, however, is not the question before the Court. Appellant Lilly Co. stipulated prior to trial that it was furnishing soya bean flour to Kaseno Prod-

ucts Co. for use by that company in making glue. Appellants have never contended that they did not know Kaseno Products Co. was making glue nor that they did not intend that the soya bean flour furnished should be used in making glue. The application of the rule contended for by Appellee would simply result in the inferring of an intent which was never denied to have existed, namely, an intent to furnish for glue making purposes. Such intent, however, is far different than an intent to aid in the making of an *infringing* glue, which was the intent necessary to establish Appellee's cause of action. The evidence does not disclose that the most conspicuous use for soya bean flour was a use which would infringe the particular patents here involved, and the rule announced in the Dick Case, therefore, is not applicable.

Reply to Contention Regarding Insufficiency of Assignments of Error on Noninfringing Glues.

Notwithstanding the fact that in the instant case the specifications of the patents state that soya bean glues can be made without using the particular chemicals therein claimed, Appellee asks the Court to refuse to consider evidence in the Record which shows that noninfringing glues could be and had been made. Appellee contends that our Assignments of Error were

not sufficient to allow us to raise this point or to ask this Court to consider the evidence on the same. The same argument regarding the insufficiency of Assignments of Error was made in the Johnson Case and was replied to fully in our reply brief in that case, at pages 40 to 62. The same precautions were taken by Appellants in perfecting their Record for appeal in this case as were taken in the Johnson Case.

At the close of Appellee's case in chief, each Appellant separately challenged the sufficiency of the evidence to sustain Appellee's alleged cause of action and moved the Court to dismiss the case. Exceptions to the Court's rulings were taken and allowed. (R. 206-207)

At the close of the entire case, and before the Court adopted its Memorandum Decision as its Findings of Fact and Conclusions of Law and before the entry of the Decree, each Appellant separately requested the Court to find that it had not infringed, either directly or contributorily, any one of the claims of the patents in suit which the Court held to be valid, and further requested the Court to conclude that the Complainant take nothing by its action, that the action be dismissed and that Appellants were entitled to Judgment in their favor. The requests were considered by

the Court and refused. Exceptions to the Court's ruling were taken and allowed. The requested Findings, together with the Court's rulings and allowance of Exceptions, are set out on pages 163 and 164 of the printed Transcript of the Record, and are practically identical with those quoted in our reply brief in the Johnson Case.

As held by this Court in *Societe Nouvelle d'Arme-ment v. Barnaby*, 246 Fed. 68 (C. C. A. 9th), quoted in our reply brief in the Johnson Case, these requests for general Findings and Conclusions in Appellants' favor amount to a challenge to a sufficiency of all of the evidence in the case to sustain Appellee's alleged cause of action and are sufficient to entitle Appellants to have this Court review the evidence to determine whether there was any evidence which would support the Decree.

After the requests were made and refused, and Exceptions taken and allowed, the Trial Court adopted its Memorandum Decision as its Findings of Fact and Conclusions of Law in the case. (R. 156) The Memorandum Decision of the Court is therefore incorporated in its entirety in the Decree which was entered and is a part of the Record in this case and is properly before this Court. In *Parker, et al, v. St.*

Sure, 53 Fed. (2nd) 706, this Court held that such procedure was a proper compliance with Equity Rule 701½.

After the Court had entered its Findings of Fact and Conclusions of Law, Appellants duly excepted to each specific Finding which was adverse to their contentions. The Exceptions were each considered by the Court and each allowed to each excepting Appellant. The Exceptions are set forth on pages 165 to 173 of the printed Transcript of the Record herein. The Court's Certificate, stating that the Exceptions were presented in open court at the time the Court signed its Decree, were each considered and each allowed, is found on page 173 of the printed Transcript of the Record. The Exceptions were practically the same as those taken in the Johnson Case and we will not again incorporate them in this brief.

Assignments of Error directed to the rulings of the Court which were claimed to be erroneous were filed prior to the allowance of the appeal. The Assignments are found on pages 173 to 184 of the printed Transcript of the Record. Practically the same errors were assigned as were assigned in the Johnson Case and as set out in our reply brief in that case. To avoid repetition, we will not repeat them in this brief.

It will be seen that the matter of the sufficiency of the evidence was challenged at the close of Appellee's case and again challenged by requests for general Findings after the close of the case and prior to the entry of the Decree. The Court's rulings were obtained and exceptions taken and allowed. The question of whether the facts found were sufficient to support the Conclusions drawn was directly brought to the Trial Courts attention, its ruling obtained thereon, and exceptions taken and allowed. The refusal of the Court to grant the motions made, the refusal of the Court to make the Findings requested, and the refusal of the Court to make the Conclusions requested, have all been separately and particularly assigned as error. The Findings and Conclusions made, and to which exceptions were taken and allowed, have likewise been separately assigned as error.

By these motions, requests for Findings, requests for Conclusions, exceptions taken and allowed and errors assigned, Appellants have preserved their right to have this Court review the evidence and determine whether or not it is sufficient to support the facts found, and also determine whether or not those facts are sufficient to establish Appellee's alleged cause of action and justify the Judgment and Decree which

were entered. We do not see how the Record could have been more carefully preserved to entitle Appellants to have this Court review the evidence and pass its judgment thereon and on the Findings and Conclusions of the Trial Court. Appellants come squarely within the holding of this Court in *Societe Nouvelle d'Armement v. Barnaby*, above cited.

Appellee now contends that our argument on non-infringing glues took it by surprise and claims that we were not fair to the Trial Court nor to Appellee's counsel, and that if counsel had known that we intended to make such argument, Appellee would have brought up additional evidence. This same contention was made in the Johnson Case and was fully replied to by us in our reply brief in that case, where we pointed out that Appellee first moved the Trial Court to strike our proposed evidence on noninfringing glues and then, when its motion was denied, took additional time to enlarge the Statement of the Evidence and include therein evidence claimed to rebut that set forth by Appellants with relation to noninfringing glues.

Although this Court is not required to look to the evidence to determine whether or not noninfringing soya bean glues can be or had been made, inasmuch as the specifications of the patents in suit recite that

such glues may be made, we saw fit, as an aid to the Court, to point out the evidence on this subject. We feel that Assignments of Error Nos. 12, 13 and 14 (R. 176-181) are sufficient in this connection, in that these Assignments were particularly directed to the finding of the Court that the stipulation and Arabol letters above referred to were sufficient to show an intent on Appellants' part to aid in the manufacture of the product claimed in Appellee's patents. Assignment No. 14 is that the Court erred in finding that the two letters, plus the stipulation, showed a wrongful intent. Assignment No. 13 is that the Court erred in holding that the two letters, plus the stipulation, were sufficient to take the case out of the rule that "one who sells to an infringer an article of commerce having ordinary uses unconnected with the product of the patent, without intent to contribute to the manufacture of such product, does not infringe." These Assignments are directed particularly to the holding of the Court that the two letters and the stipulation proved wrongful intent. Under the law, one further fact was necessary, namely, that there were no noninfringing uses for soya bean flour. In our brief we pointed out that the evidence did not show this fact and we carried the argument one step further and showed that

there were several such noninfringing uses and that several noninfringing soya bean glues had been made.

The following cases, quotations from which are set forth in our reply brief in the Johnson Case, are authority for the statement that broader Assignments of Error than those actually made would necessarily have been argumentative:

Randolph v. Allen, 73 Fed. 23;

Atchison, T. & S. F. R. Co. v. Meyers, 76 Fed. 443.

It will be noted that the Court made no finding that there were no noninfringing uses for soya bean flour nor that there were no noninfringing soya bean glues which could be made from soya bean flour. Such a finding was necessary in order to enable Appellee to recover in this case, inasmuch as the evidence did not show any actual wrongful intent. Appellee made no request for such a finding, and is therefore in no position to urge this Court to make the same. If this Court were to make any finding in the premises, it is submitted that the evidence in the Record would necessarily require a finding that there are several noninfringing uses for soya bean flour and that several noninfringing soya bean glues can be made. It is also submitted that our Assignments of Error are sufficient to justify us in pointing out to the Court the nonin-

fringing soya bean glues shown in the Record and to have this Court consider the evidence with relation thereto.

Reply to Contention That Assignment of Error Regarding Awarding of Costs Not Sufficient.

As in the Johnson Case, Appellee again urges upon this Court that an unfair advantage was taken of it and that Appellants were not fair to the Trial Court because of a failure to sufficiently assign error on the entering of Judgment against Appellants for costs. Appellee's position is that if it had known Appellants intended to claim that no costs should be allowed because of Appellees failure to file a disclaimer in connection with the Caustic Soda Patent before suit started, it would have incorporated into the Record additional evidence to meet such contention. This position is entirely without merit.

On page 268 of the printed Transcript, Appellants' Exceptions and Objections to the Cost Bill filed by Appellee are set forth. Appellants' objection specifically states that it is "upon the ground and for the reason that under Section 4922, Revised Statutes, the plaintiff is not entitled to costs herein." On page 171 of the printed Transcript, Exception No. 25 recites that the excepting defendants except to the eleventh

paragraph of the Decree, wherein the Court awards costs to the plaintiff, "upon the ground and for the reason that under the law the plaintiff having filed disclaimers after suit brought was not entitled to costs in any event." The Exception was considered by the Court and allowed. (R. 173) Appellants' Assignment of Error No. 20 is directed to the entering of Judgment against defendants for costs. (R. 184) At page 126 of its brief, Appellee points out that the authorities cited in Appellants' brief, with relation to the filing of a disclaimer after suit brought, on the question of costs, were the same authorities cited by Appellants to the Trial Court.

Notwithstanding the foregoing, Appellee now urges that it is unfair for Appellants to raise this point, that the Assignment of Error thereon is not sufficient, and that if Appellee was not thus taken by surprise, it would have incorporated into the Statement of the Evidence evidence now claimed to rebut that set forth by Appellants.

As to the merits of the question, it is set forth in the specification of the Caustic Soda Patent (R. 70) that the patentees have discovered "that by subjecting the same to proper treatment, such *vegetable proteins* or *vegetable matter containing proteins* in proper

amount can be converted into a water-proof glue that will satisfy the rigid requirements of veneer or plywood making." The specification further states:

"We do not, however, wish to limit ourselves to *soya bean flour* or to *vegetable protein derived from this source*, for we have made satisfactory glue by our improved process from similar seed flours, or *protein matter* derived from such, * *."

Of the four claims held valid by the Trial Court, Claim 8 is the only one which expressly covers "soya bean flour." Claims 2, 4 and 6, instead of naming soya bean flour, specify "the reaction products of soya bean flour." Under the teaching of the specifications, this designation would include soya bean protein.

In its Memorandum Decision, which the Trial Court adopted as its Findings of Fact and Conclusions of Law, the Trial Court stated (R. 122):

"The plaintiff, after the commencement of these suits, disclaimed chemically isolated protein. No other practical method of isolation has been shown."

Referring to certain publications of Dr. Satow, which it was claimed anticipated the Caustic Soda Patent in that they taught the use of caustic soda with soya bean protein in making glue, the Trial Court found (R. 139):

"The two publications of Dr. Satow, claimed by defendants to anticipate the Johnson patent, they

also contend anticipate the caustic soda patent and further contend that certain other published articles by Dr. Satow anticipate the caustic soda patent. In the particular in question these articles disclose nothing further than *the use of protein*, and do not anticipate the caustic soda patent.”

Notwithstanding the fact that the Trial Court found that there was no practical method of isolating the protein of the soya bean except by chemically isolating the same, Appellee now goes beyond the Record and argues to this Court that the Trial Court might have refused to disallow costs because the soya bean protein glue described in the specification of the Caustic Soda Patent was to be made from “mill extracted” protein. At page 119 of Appellee’s brief, it states:

“There is a vast difference between (A) ‘mill extracted’ or ‘mill purified’ protein of soya bean, a condition which can be brought about by ‘mill processed’ and (B) ‘chemically isolated’ or ‘chemically extracted’ protein, which was the subject matter of the disclaimer. By the term ‘isolated protein’ may be intended either ‘mill extracted protein’ or ‘chemically extracted protein.’ The disclaimer related solely to ‘chemically extracted’ or ‘chemically purified’ protein. A great deal of evidence was introduced in the Trial Court covering this exact distinction, not one word of which is shown in this record. Appellants’ statements ignore this distinction.”

The Trial Court evidently did not take much stock in the “great deal of evidence * * covering this exact

distinction." The protein glue taught and claimed by the patent was a glue made from chemically isolated protein, as no other practical method of isolating the protein is known.

It will be noted that R. S. 4922 provides that "whenever, through inadvertence, *** a patentee has, *in his specification*, claimed to be the original and first inventor or discoverer of any material or substantial part of the thing patented, of which he was not the original and first inventor or discoverer, * * *," he may bring suit on the patent "notwithstanding the *specifications* may embrace more than that of which the patentee was the first inventor or discoverer." The statute expressly provides, however, that "in every such case in which a judgment or decree shall be rendered for the plaintiff, no costs shall be recovered unless the proper disclaimer has been entered at the Patent Office before the commencement of th suit."

It is apparent from the Findings of the Court above set forth that the disclaimer filed in connection with the Caustic Soda Patent was filed in order to save that patent. In the specification, the patentees claimed they had discovered that caustic soda combined with soya bean protein, or other vegetable protein, resulted in the production of a satisfactory glue.

The patentees, however, in view of the Satow publications, were not the first inventors or discoverers of that fact. A disclaimer of what was thus mistakenly or inadvertently claimed was filed under the provisions of the statute. The situation is one squarely contemplated by the statute and, under the statute, Appellee should not have been awarded costs in any event.

Reply to Contention That No Proof of Wrongful Intent Necessary.

Having failed to prove an actual intent on Appellants' part to aid Kaseno Products Co. in making glues which infringed the claims of the patents here involved, that is, glues comprising soya bean flour, caustic soda and carbon bisulphide, Appellee now argues that it was not necessary to establish such intent to entitle it to profits and damages from Appellants.

Appellee's argument in this connection is that inasmuch as Appellant Lilly Co. continued to furnish soya bean flour to Kaseno Products Co. after suit on the Johnson Patent was commenced, this shows an intent on Appellants' part to aid Kaseno Products Co. in infringing Claims 3 and 7 of the Johnson Patent; that having thus furnished soya bean flour with the intention of aiding in an infringement of Claims

3 and 7 of the Johnson Patent, Appellants were guilty of contributory infringement of those two claims and were therefore tort-feasors; that being tort feasers in the furnishing of the flour in the first instance, Appellants are liable for any and all wrongful uses Kaseno Products Co. might thereafter make of the flour wrongfully furnished, and are therefore liable for the particular use made which infringed the claims of the two patents involved in this case; that having wrongfully set a damaging force in motion, that is, having wrongfully supplied Kaseno Products Co. with soya bean flour, Appellants are liable for any subsequent damage done by such force, that is, are liable for any damage done as the result of any use made by Kaseno Products Co. of the soya bean flour wrongfully furnished; and that Appellants are therefore liable in profits and damages resulting from the manufacture and sale by Kaseno Products Co. of glues comprising caustic soda and carbon bisulphide; and this regardless of whether or not Appellants intended to aid Kaseno Products Co. in making such infringing glues.

The entire argument is predicated on the contention that Appellant Lilly Co. committed a tort in continuing to supply Kaseno Products Co. with soya bean flour after the Johnson suit was started. The point

on which the entire argument is predicated is stated on page 51 of Appellee's brief as follows:

“* every sale of soya bean flour to Kaseno Products Co. after the commencement of the ‘Johnson’ suit was a tortious and fraudulent act on the part of the appellants and by them known and intended to be such.”

In our reply brief in the Johnson Case, we have shown that Appellant Lilly Co. did not act wrongfully in continuing to supply flour after suit commenced. We have shown that although in the Bill of Complaint it was claimed that Kaseno Products Co. was making a glue which infringed the Johnson Patent, Kaseno Products Co. in its answer flatly denied the allegation. The answer, sworn to on oath by the president and general manager of Kaseno Products Co., stated that that company had not made, was not making nor did not intend to make, a glue which infringed the patent. The Complaint did not allege that glues could not be made from soya bean flour without infringing the patent.

Kaseno Products Co. had been making glues since 1918. (R. 208) Kaseno Products Co. first used soya bean flour in its glues in 1923. (R. 208) Kaseno Products Co. had made glue from isolated soya bean protein. (R. 211) As was testified by Appellee's witness Cone (R. 254):

“From a theoretical standpoint, reasoning as one skilled in the glue art and not knowing anything about soya bean flour as compared to isolated protein, I should say that from that standpoint it would seem obvious that the isolated protein would make a far superior glue.”

Appellee strenuously insists that the Johnson Patent did not teach an isolated protein glue and Appellee has disclaimed such glue from the specification and claims of the patent. Might not Appellant have reasonably assumed Kaseno Products Co. was making an isolated soya bean protein glue?

Appellee made no attempt to establish that glues could not be made from soya bean flour without infringing Claims 3 and 7 of the Johnson Patent. The evidence proved just the contrary. While Kaseno Products Co. had actually made an infringing glue prior to the time suit was started, as found by the Trial Court, the evidence does not show that Kaseno Products Co. made any such infringing glue after suit was commenced.

Under all of the circumstances, therefore, Appellants were entitled to presume that Kaseno Products Co. was acting lawfully and that it was not making an infringing glue. Appellants were entitled to assume that Kaseno Products Co. was using the flour furnished it by Appellant Lilly Co. in a noninfring-

ing manner. The presumption is that Kaseno Products Co. was acting honestly. The evidence does not show, and the Trial Court did not find, that Kaseno Products Co. made an infringing glue after the Johnson Case was instituted.

It is seen, therefore, that by continuing to furnish soya bean flour after the Johnson suit was started, Appellants committed no tort. Appellant Lilly Co. did not continue to furnish the flour *with the intention and for the purpose* of bringing about its use in Appellee's patented combination, and was therefore not guilty of contributory infringement of the Johnson Patent. The contention on which Appellee's entire argument is predicated is not well founded, and its argument must therefore fall.

The argument is also predicated on the further contention that every soya bean glue manufactured by Kaseno Products Co. infringed Claims 3 and 7 of the Johnson Patent. Appellee states on page 93 of its brief, in support of its argument:

“In the ‘Johnson’ brief we clearly pointed out that every formula that Kaseno Products Co. used, as shown by the printed record, was an infringement of claims 3 and 7 of the ‘Johnson’ patent, because every formula used soya bean flour plus sodium fluoride and lime, or equivalents of sodium fluoride and lime, and *therefore*

all the soya bean glue manufactured and sold by Kaseno Products Co. up to the date of trial infringed claims 3 and 7 of the 'Johnson' patent."

The same contention is made in support of the argument at page 94 of its brief, where Appellee states:

"In other words, every ton of soya bean glue that Kaseno Products Co. sold from the time they started to make glue, back in 1924, down to the trial, and even down to the granting of the injunction on July 11, 1932, were glues all of which infringed claims 3 and 7 of the 'Johnson' patent, and perhaps a greater portion of which infringed the 'Caustic Soda' and 'Carbon Bisulphide' patents as well."

The above quotations are rather bold statements of counsel. They are not supported by the Record nor by any evidence introduced at the trial. The statements are not correct statements of fact and are not in accord with a positive finding of the Trial Court. The testimony of the witness Laucks is pertinent in this connection. The witness testified as follows (R. 242):

"Our first glue was made in 1923 with caustic soda as such, and for a year or so we tried to introduce that glue. Along in 1925 we put out a ready mixed glue and we worked for a year or so trying to introduce ready mixed glues. After a struggle of a year or so we went back to caustic soda. That is what I mean by the reintroduction of caustic soda along in the latter part of 1926 or early 1927. A ready mixed glue is a double decom-

position glue with which nothing has to be added at the plant except water. We did not put out a double decomposition glue until 1925. *Johnson teaches only a double decomposition glue made from soya bean meal or flour.*”

The Trial Court found (R. 139):

“Aside from the presumption of validity of the patent in suit and from the presumption arising from *the fact that the caustic soda glues drove out the double decomposition glues of Johnson*, the foregoing shows that Johnson did not anticipate the patent in suit in this respect.”

The contention made that the chemicals caustic soda and carbon bisulphide are added to the double decomposition glue taught and claimed by Johnson is not supported by the evidence and the finding of the Trial Court is to the contrary. Caustic soda, as such, instead of being added to the double decomposition glue taught by Johnson, is used in place of the double decomposition chemicals he taught. Glues made by the use of caustic soda, as such, replaced the double decomposition glue taught by Johnson. As found by the Trial Court, glues made under the Johnson Patent were driven out by glues made under the Caustic Soda Patent. There is no foundation, in truth or in fact, for the statement made by Appellee that every glue made by Kaseno Products Co. infringed claims 3 and 7 of the Johnson Patent. Kaseno Products Co.,

by making caustic soda glue, helped drive out the Johnson glue.

Appellee's entire argument with relation to chemical equivalents of the sodium fluoride and hydrated lime claimed by Johnson is without merit. Under the finding of the Trial Court, whether the double decomposition glue taught by Johnson was made with sodium fluoride and lime or whether it was made with chemicals now claimed by Appellee to be the equivalents of sodium fluoride and lime, is immaterial. The Trial Court expressly found that glues made by the use of caustic soda, as such, drove out the double decomposition glues of Johnson. The glue claimed by Johnson was replaced by glue made under the caustic soda patent.

We have shown in our reply brief in the Johnson Case that the chemicals now claimed by Appellee to be the equivalents of sodium fluoride and lime, claimed by Johnson, are not equivalents as claimed. This was shown by the testimony of the witness Laucks, which refuted the testimony of the witness Wood, called by the defendant Kaseno Products Co. We have pointed out that even if it could be found that the chemicals used in the formulas set out in the Record were the equivalents of those claimed by Johnson,

there is no pretense that the Record sets forth all of the formulas used either by Kaseno Products Co. or Appellee. The Court made no finding of chemical equivalents and Appellee requested no such finding. It is not, therefore, in position to request this Court to make such finding and, having made the same, to further find that "every ton of soya bean glue that Kaseno Products Co. sold infringed claims 3 and 7 of the Johnson patent."

The fact is that the formulas in the Record, which were pointed out in our opening brief, do not contain chemical equivalents of those claimed by Johnson. The fact is that the glue which the Trial Court found infringed Claims 3 and 7 of the Johnson Patent did contain the specific chemicals covered by the claims, and the Trial Court based its finding of infringement on this particular glue. The particular glue thus found to infringe was a glue manufactured prior to the time the Johnson suit was started. The Record does not show any such glue made by Kaseno Products Co. since.

It is seen, therefore, that the second contention on which Appellee's argument is based, namely, that all glues manufactured by Kaseno Products Co. infringed Claims 3 and 7 of the Johnson Patent, is not well founded and the argument must necessarily fall.

It is easily seen why Appellee, in an endeavor to hold Appellants for profits and damages resulting from glues made under the Caustic Soda and Carbon Bisulphide Patents, relies upon the rule announced in the "Squib Case," and similar authorities. As is pointed out by Appellee, the particular chemicals caustic soda and carbon bisulphide are not added to soya bean glues by the glue manufacturer but are added at the veneer plants where the glue is used. Appellee states on page 103 of its brief:

"There was nothing secret about the addition of caustic soda and carbon bisulphide. They were liquids added at the veneer plants, open to all to know."

The glues made by Kaseno Products Co. did not infringe the patents here involved until caustic soda and carbon bisulphide had been added by the users of such glues. To sustain its claim for profits and damages, Appellee was compelled to call to its assistance the rule of the "Squib Case." Appellee argues that Appellant Lilly Co. wrongfully furnished soya bean flour to Kaseno Products Co.; that Kaseno Products Co. wrongfully made therefrom a glue which infringed Claims 3 and 7 of the Johnson Patent; that Kaseno Products Co. sent this infringing glue to the veneer plants and that caustic soda and carbon bisulphide were there added to the glue. The particular damage,

so far as the patents here involved are concerned, was the addition of caustic soda and carbon bisulphide at the veneer plant. To hold Appellants liable for this damage, Appellee was compelled to resort to the "Squib Case."

Assuming, for the sake of argument, that the contentions made by Appellee are correct and that Appellants actually intended to aid Kaseno Products Co. in infringing Claims 3 and 7 of the Johnson Patent, and that every glue made by Kaseno Products Co. infringed these claims of the Johnson Patent, and that therefore every glue to which caustic soda and carbon bisulphide were added was in the first instance a glue which infringed Claims 3 and 7 of the Johnson Patent, Appellee nevertheless does not make out a case under the rule of the "Squib Case."

To be liable under the rule contended for, one must put in motion a "damaging force." A lighted squib is such a force. The person who lights it necessarily knows that when lit it is a dangerous instrumentality. Having turned loose a dangerous instrumentality, something which is in itself inherently dangerous and from which injurious results will naturally follow, he is liable for all damages which in ordinary natural sequence flow from his initial wrongful act. That soya

bean flour, an ordinary article of commerce, is not an inherently dangerous instrumentality needs no argument. Soya bean flour is not a damaging force. A flour milling concern putting soya bean flour on the market does not put in motion a damaging force. Soya bean flour cannot, by any analogy, be likened to a lighted squib.

Furthermore, the only damages for which an initial wrongdoer is liable, under the authorities cited by Appellee, are those that *naturally flow from* the tort initially committed. The damages for which he is liable are only those which flow from his initial wrongful act "by ordinary natural sequence." The initial wrongdoer is responsible because "the result proximately follows his wrongful act." Damage caused by Kaseno Products Co.'s act in using with the soya bean flour furnished, the particular chemicals caustic soda and carbon bisulphide, was not such damage as would naturally flow from Appellant Lilly Co.'s act in furnishing the flour. The injurious result complained of was not one which flowed from the initial act by ordinary natural sequence. The infringing act of Kaseno Products Co. was not a result which proximately followed the act of Appellant Lilly Co. in supplying the flour. The only natural result which would flow from Appellant Lilly Co.'s act in furnishing flour would be that

Kaseno Products Co. would use the flour in making glue. It would not be the ordinary natural sequence of the act, that Kaseno Products Co. would wrongfully use the flour in making glue covered by the claims of the patents here involved. The use of caustic soda and carbon bisulphide by Kaseno Products Co. is not a result which would proximately follow the furnishing of the flour. The making of an infringing glue would not proximately follow the furnishing of the flour. The making of a noninfringing glue would so follow.

It is submitted that Appellee's contention that under the rule of the "Squib Case," and similar authorities, it could recover profits and damages without establishing a wrongful intent on the part of Appellants to aid in infringing the claims of the patents here involved, is not well founded in fact or in law.

**Reply to Contention That Duty Was Upon Appellants
to Determine Whether Kaseno Products Co. Was
Licensed Under the Patents.**

On page 47 of its brief, citing the case of *New York Scaffolding Co. v. Whitney*, 224 Fed. 452, as authority, Appellee contends that it was Appellant Lilly Co.'s duty, before furnishing soya bean flour to Kaseno Products Co. was licensed to manufacture soya

bean glues under Appellee's patents. The case cited is not authority for the contention made. If Appellants actually knew that the glue made by Kaseno Products Co. was an infringing glue, and actually intended to aid and assist Kaseno Products Co. in making such glue, then, under the rule announced in the *Whitney* Case, the duty would have been upon Appellants to determine whether or not Kaseno Products Co. was licensed to make such glue. The doctrine of the *Whitney* Case is only applicable where the person furnishing one element of a patented combination knows that such element is to be used in the particular combination which, if unlicensed, will be an infringement. In such a case, the person furnishing the element will not be heard to say that he assumed that the person who made the completed combination was licensed to do so by the owner of the patent. Knowing that the completed article, if unlicensed, will be an infringement, the duty is upon the person furnishing the single element to determine whether or not the completed combination is licensed.

In the instant case, Appellants did not know that any glue made by Kaseno Products Co. contained the chemicals covered by the patents in suit. Appellants did not know that the glue made by Kaseno Products Co., if unlicensed, would be an infringement of Ap-

pellee's patents. Appellants were not advised by Appellee or by any other person that the glue which Kaseno Products Co. was making was an infringing glue. Under these circumstances, it is submitted that there was no duty on Appellants' part to ascertain whether or not Kaseno Products Co. was licensed under patents of which Appellants had no knowledge.

CONCLUSION

The only question before this Court on the merits of the case is whether or not the evidence showed that either or both Appellants were guilty of contributory infringement of the claims of the Caustic Soda and Carbon Bisulphide Patents held valid by the Trial Court. To be guilty of contributory infringement of these claims, as the Trial Court held, Appellants must have furnished to the defendant Kaseno Products Co. the soya bean flour, which was furnished, with the intention that the flour so furnished would be used by the defendant Kaseno Products Co. in making glues containing soya bean flour and either or both caustic soda and carbon bisulphide.

As we have pointed out, the patentees themselves state in the specifications of the respective patents that soya bean flour glues can be made, and have been made, without the use of the respective elements claimed,

namely, caustic soda and carbon bisulphide. In our opening brief, we pointed out to the Court the evidence in the Record which actually showed that Appellee itself and the defendant Kaseno Products Co. had made and sold glues not covered by either patent. We have pointed out that no attempt was made by Appellee, either in its pleadings or proof, to establish that noninfringing soya bean glues could not be made.

Under the circumstances shown, the burden was upon Appellee to establish by affirmative evidence its cause of action as alleged, namely, that Appellants *intentionally* and *knowingly* aided Kaseno Products Co. in infringing the patents. The only proof which would suffice in this connection would be proof of an actual wrongful intent to so aid and assist. We have attempted to point out in this reply brief that the evidence claimed by Appellee to prove the necessary actual wrongful intent was no proof whatever of the fact. There was no evidence in the case to sustain the cause of action sued upon.

Appellants are no more liable for contributory infringement of the claims here involved, by reason of having supplied soya bean flour to Kaseno Products Co., than is the city which furnished the water with which the infringing glues were made. Water is just

as essential an element in glue made under the patents as is soya bean flour, yet both the water and the flour may be used in various ways, none of which would constitute infringement. Appellee could not hold the furnisher of the water liable for contributory infringement without affirmatively proving an actual wrongful intent to aid in infringement. Appellants are in no different position in this connection than the city which furnished the water. The situation would be different as to a concern which knowingly furnished Kaseno Products Co. with the particular chemicals covered by the patents, for use in making glue from soya bean flour. It is significant to note that the concern which furnished the chemicals which were the essential elements of the patented combinations was not made a party defendant.

There was no proof that Appellant Lilly, as an individual, ever acted outside the scope of his official duties as president and general manager of Appellant Lilly Co. The only act charged against him was his refusal, on behalf of Appellant Lilly Co., to enter into the deal Mr. Laucks proposed shortly after the Johnson suit was started. We have shown that his actions in this connection were not wrongful, and furthermore such actions were taken in behalf of the corporation by which he is employed. While under the decision of

this Court in *Claude Neon Electrical Products, Inc., v. Brilliant Tube Sign Co., et al*, 48 Fed. (2nd) 176, it was held that officers of a corporation are proper parties to an infringement suit in so far as injunctive relief is concerned, the case did not hold that an officer of a corporation is liable in damages solely because of his being such officer. Under the later authorities on this subject, as pointed out in our opening brief, an officer of a corporation should not be held individually liable unless he acts outside the scope of his official duties.

Appellee's repeated statements that Appellants did not cease furnishing soya bean flour to Kaseno Products Co. until the issuance of the injunction by the Trial Court is not a correct statement of fact. Appellant Lilly Co. did not make a single sale of soya bean flour to Kaseno Products Co. after it knew Kaseno Products Co. was infringing Appellee's patents. This knowledge it obtained for the first time when the Trial Court's Memorandum Decision was filed. Immediately upon being advised of the decision, and without waiting for the entry of a Decree or issuance of any injunction, Appellant Lilly Co. ceased furnishing the flour. It is apparent, therefore, that there is no reason why the injunction issued by the Trial Court should not be set aside.

Appellee was successful in the Trial Court in having essential claims of its respective patents adjudged to be valid and infringement thereof enjoined. Appellee was successful in having a Decree entered which gives to it the monopoly provided by the Patent Laws. Appellee was successful in obtaining Judgment against Kaseno Products Co. and its president, George F. Linquist, for all profits and damages resulting from all infringing acts committed, whether committed prior to the institution of suit or subsequent thereto. Not satisfied with these awards of the Trial Court, Appellee endeavors to hold Appellants, who acted entirely innocently in the matter, liable for all such profits and damages. It is submitted that the evidence does not entitle Appellee to what it now asks.

For the several reasons pointed out, it is urged that the Trial Court's Decree was erroneous and that the Bill of Complaint as to Appellants should be dismissed.

Respectfully submitted,

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